

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 6987

Investigation Into the Energy Efficiency Charge)
for the Year 2005)

Order entered: 11/1/2004

ORDER RE: 2005 ENERGY EFFICIENCY CHARGE RATES

I. INTRODUCTION

In this Order, we approve year-2005 Energy Efficiency Charge ("EEC") rates for customers of all Vermont's electric distribution utilities. The Public Service Board's ("Board") October 15, 2004, Order in this Docket established the methodology to be used to calculate the 2005 EEC rates. After reviewing proposed rates calculated by the Vermont Department of Public Service ("DPS") which used information from compliance filings by the electric distribution utilities, we conclude that the DPS correctly applied the approved methodology. The approved 2005 EEC rates are shown below.

II. PROCEDURAL HISTORY

The early procedural history in this Docket is described in the Board's October 15, 2004, Order in this Docket and need not be repeated in detail here.¹

At the prehearing conference, the Hearing Officer in this proceeding asked all electric distribution utilities to file certain information regarding 2003 billing determinants and revenues. The DPS agreed to use the information filed by the electric distribution utilities, and the methodology approved by the Board in its October 15, 2004, Order, to calculate proposed 2005 EEC rates.

On October 29, 2004, the DPS filed its proposed 2005 EEC rates.

No party filed comments on the DPS's calculations.

1. Order of 10/15/04 at 2-4.

III. DISCUSSION AND CONCLUSION

After reviewing the DPS's calculations, we are persuaded that the DPS correctly applied the methodology for calculating the 2005 EEC rates that we approved in our October 15, 2004, Order. These rates are hereby approved.

The 2004 EEC rates for all utility service territories except for the City of Burlington Electric Department ("BED") and Washington Electric Cooperative, Inc. ("WEC") will be:

- a. For residential customers — 3.978 mills/kWh;
- b. For commercial customers who are not demand-billed — 3.266 mills/kWh;
- c. For commercial customers who are demand-billed — 1.903 mills/kWh and \$0.453189/kW per month, with the kW per month charge assessed on billed peak kW only;
- d. For industrial customers who are not demand-billed — 2.680 mills/kWh;
- e. For industrial customers who are demand-billed — 1.650 mills/kWh and \$0.395858/kW per month, with the kW per month charge assessed on billed peak kW only;
- f. For unmetered street and security lighting customers — 3.266 mills/kWh times the nominal size of the light times 360 hours per month.²

The 2005 EEC rates for BED's service territory will be:

- a. For residential customers — 2.668 mills/kWh;
- b. For commercial customers who are not demand-billed — 2.722 mills/kWh;
- c. For commercial customers who are demand-billed — 1.862 mills/kWh and \$0.325066/kW per month, with the kW per month charge assessed on billed peak kW only;
- d. For industrial customers who are demand-billed — 1.416 mills/kWh and \$0.366651/kW per month, with the kW per month charge assessed on billed peak kW only;
- e. For unmetered street and security lighting customers — 2.722 mills/kWh times the nominal size of the light times 354 hours per month.

2. As authorized in our October 15, 2004, Order, Central Vermont Public Service Corporation ("CVPS") may continue to use the alternative number of hours per month when calculating the EEC to be paid by unmetered street and security lighting customers. Order of 10/15/04 at 11–12.

The 2005 EEC rates for WEC's service territory will be:

- a. For residential customers — 2.421 mills/kWh;
- b. For commercial customers who are not demand-billed — 1.988 mills/kWh;
- c. For commercial customers who are demand-billed — 1.253 mills/kWh and \$0.196125/kW per month, with the kW per month charge assessed on billed peak kW only;
- d. For unmetered street and security lighting customers — 1.988 mills/kWh times the nominal size of the light times 360 hours per month.

We note that while the total budget for the Energy Efficiency Utility ("EEU") program has increased from approximately \$16.2 million in 2004 to the statutory cap of \$17.5 million in 2005 (an increase of about 8 percent), the total amount to be collected from customers of all electric distribution utilities other than BED and WEC has increased significantly more than that.³ This is due to:

- certain one-time credits in 2004 for items related to the end of the EEU program's first three-year contract cycle which reduced the amount that needed to be collected from ratepayers in 2004, but are not applicable in 2005; and
- the effect of the "true-up" provisions that ensure that the exact amount approved by the Board for collection from ratepayers in a particular year is ultimately collected from ratepayers (the estimated overcollection in 2003 that was used to determine the 2004 EEC rates did not occur to the extent predicted, and as a result, the difference between 2003 actual collections and the estimated 2003 collection must be collected from ratepayers in 2005).

The increase in the total amount to be collected from customers in 2005 results in commensurate increases in the 2005 EEC rates.

However, we emphasize that the EEC is only a very small fraction of customers' bills. As a result, the increase in the 2005 EEC rates will have a small overall effect on customers' bills.

For example, a residential customer who is not a BED or WEC customer, and who uses 500 kWh

3. The 2005 EEC rates for BED and WEC were not affected in the same manner because the amounts to be collected from their customers are determined separately, and the "true-up" provisions are applied individually for those two utilities. The increases in the 2005 EEC rates for WEC's and BED's customers are primarily attributable to the increases in the amounts to be collected from their customers.

per month will experience an increase in his or her monthly bill of only \$0.40. Similarly, a commercial non-demand customer who is not a BED or WEC customer, and who uses 3,500 kWh per month will experience an increase in its monthly bill of only \$1.59.⁴ The value of savings from reduced energy purchases are of far greater value.

IV. ORDER

IT IS HEREBY ORDERED, ADJUDGED AND DECREED by the Public Service Board of the State of Vermont that:

1. The year-2005 Energy Efficiency Charge ("EEC") rates for customers of all Vermont electric distribution utilities shall be as stated above.
2. This docket shall be closed.

Dated at Montpelier, Vermont, this 1st day of November, 2004.

<u>s/Michael H. Dworkin</u> _____))) <u>s/David C. Coen</u> _____))) <u>s/John D. Burke</u> _____	PUBLIC SERVICE BOARD OF VERMONT
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OFFICE OF THE CLERK

FILED: November 1, 2004

ATTEST: s/Susan M. Hudson
 Clerk of the Board

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: Clerk@psb.state.vt.us)

Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Board within thirty days. Appeal will not stay the effect of this Order, absent further Order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and order.

4. Similar customers of BED and WEC will experience even smaller increases than those listed above.